



## **Texas Department of Insurance**

### **Division of Workers' Compensation**

Medical Fee Dispute Resolution, MS-48  
7551 Metro Center Drive, Suite 100 • Austin, Texas 78744-1645  
512-804-4000 telephone • 512-804-4811 fax • [www.tdi.texas.gov](http://www.tdi.texas.gov)

## **MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION**

### **GENERAL INFORMATION**

#### **Requestor Name and Address**

VICTORY MEDICAL CENTER  
PO BOX 2124 DEPT 300  
HOUSTON TX 77252-2124

#### **Respondent Name**

Indemnity Insurance Co of North

#### **Carrier's Austin Representative Box**

Box Number 15

#### **MFDR Tracking Number**

M4-13-2145-01

#### **MFDR Date Received**

April 26, 2013

### **REQUESTOR'S POSITION SUMMARY**

**Requestor's Position Summary:** "Since we are not asking for separate implant reimbursement, we are seeking reimbursement at the 200% State Fee Schedule payment rate."

**Amount in Dispute:** \$4,158.90

### **RESPONDENT'S POSITION SUMMARY**

**Respondent's Position Summary:** "Upon receipt of the MDR, we sent this date of service back for reconsideration and it was determined that an additional allowance is due in the amount of \$1942.19."

**Response Submitted by:** ESIS, South Central WC Claims, PO Box 6563, Scranton, PA 18505

### **SUMMARY OF FINDINGS**

Date(s) of Service	Disputed Services	Amount In Dispute	Amount Due
October 1-4, 2012	Outpatient Hospital Services	\$4,158.90	\$4,158.90

### **FINDINGS AND DECISION**

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and all applicable, adopted rules of the Texas Department of Insurance, Division of Workers' Compensation.

#### **Background**

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403, titled *Hospital Facility Fee Guideline – Outpatient*, sets out the reimbursement guidelines for facility services provided in an outpatient acute care hospital.
3. 28 Texas Administrative Code §134.203, titled *Medical Fee Guideline for Professional Services*, sets out the reimbursement guidelines for professional medical services.
4. The services in dispute were reduced/denied by the respondent with the following reason codes:
  - 18 – Duplicate claim/service
  - W1 – Workers Compensation Jurisdictional Fee Schedule Adjustment.
  - Charge exceed Fee Schedule allowance

- CCI Comprehensive/Component procedure
- Items and/or services are packaged into APC rate. Therefore there is no separate APC payment.
- Significant procedure, Multiple procedure reduction applies.
- 236 – This procedure or procedure/modifier combination is not compensable with another procedure or procedure/modifier.
- 59 – Processed based on multiple or concurrent procedure rules.
- 97 – The benefit for this service is included in the payment/allowances for another service/procedure that has already been adjudicated.

## **Issues**

1. What is the applicable rule for determining reimbursement for the disputed services?
2. What is the recommended payment amount for the services in dispute?
3. Is the requestor entitled to reimbursement?

## **Findings**

1. This dispute relates to facility services performed in an outpatient hospital setting with reimbursement subject to the provisions of 28 Texas Administrative Code §134.403, which requires that the reimbursement calculation used for establishing the maximum allowable reimbursement (MAR) shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement formula and factors as published annually in the Federal Register with the application of minimal modifications as set forth in the rule. Per §134.403(f)(1), the sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 200 percent, unless a facility or surgical implant provider requests separate reimbursement of implantables. Review of the submitted documentation finds that separate reimbursement for implantables was not requested.
2. Under the Medicare Outpatient Prospective Payment System (OPPS), each billed service is assigned an Ambulatory Payment Classification (APC) based on the procedure code used, the supporting documentation and the other services that appear on the bill. A payment rate is established for each APC. Depending on the services provided, hospitals may be paid for more than one APC per encounter. Payment for ancillary and supportive items and services, including services that are billed without procedure codes, is packaged into payment for the primary service. A full list of APCs is published quarterly in the OPPS final rules which are publicly available through the Centers for Medicare and Medicaid Services (CMS) website. Reimbursement for the disputed services is calculated as follows:
  - Procedure code C1713 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code 80048, date of service October 1, 2012, has a status indicator of A, which denotes services paid under a fee schedule or payment system other than OPPS. Per 28 Texas Administrative Code §134.403(h), for outpatient services for which Medicare reimburses using fee schedules other than OPPS, reimbursement is made using the applicable Division fee guideline in effect for that service on the date the service was provided. Facility payment for the technical component of this service is calculated according to the Medical Fee Guideline for Professional Services, §134.203(e)(1). The fee listed for this code in the Medicare Clinical Fee Schedule is \$11.98. 125% of this amount is \$14.98
  - Procedure code 23412 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 50%. These services are classified under APC 0051, which, per OPPS Addendum A, has a payment rate of \$3,323.53. This amount multiplied by 60% yields an unadjusted labor-related amount of \$1,994.12. This amount multiplied by the annual wage index for this facility of 0.992 yields an adjusted labor-related amount of \$1,978.17. The non-labor related portion is 40% of the APC rate or \$1,329.41. The sum of the labor and non-labor related amounts is \$3,307.58. Per 42 Code of Federal Regulations §419.43(d) and Medicare Claims Processing Manual, CMS Publication 100-04, Chapter 4, §10.7.1, if the total cost for a service exceeds 1.75 times the OPPS payment and also exceeds the annual fixed-dollar threshold of \$1,900, the outlier payment is 50% of the amount by which the cost exceeds 1.75 times the OPPS payment. The OPPS Facility-Specific Impacts file does not list a cost-to-charge ratio (CCR) for this provider. The requestor did not submit documentation of the facility CCR for consideration in this review. Per Medicare policy, when the provider's CCR cannot be determined, the CCR is estimated using the statewide average CCR as found in Medicare's OPPS Annual Policy Files. Medicare lists the Urban Texas 2012 Default CCR as 0.1961. This ratio multiplied by the billed charge of \$12,330.00 yields a cost of \$2,417.91. The total cost of all packaged items is allocated proportionately across all separately paid OPPS services based on the percentage of the total APC payment. The APC payment for these services of

\$1,653.79 divided by the sum of all APC payments is 28.32%. The sum of all packaged costs is \$11,053.35. The allocated portion of packaged costs is \$3,129.94. This amount added to the service cost yields a total cost of \$5,547.85. The cost of these services exceeds the annual fixed-dollar threshold of \$1,900. The amount by which the cost exceeds 1.75 times the OPPS payment is \$2,653.72. 50% of this amount is \$1,326.86. The total Medicare facility specific reimbursement amount for this line, including outlier payment and multiple-procedure discount, is \$2,980.65. This amount multiplied by 200% yields a MAR of \$5,961.30.

- Procedure code 29823 has a status indicator of T, which denotes a significant procedure subject to multiple-procedure discounting. The highest paying status T procedure is paid at 100%; all others are paid at 50%. This procedure is paid at 100%. These services are classified under APC 0042, which, per OPPS Addendum A, has a payment rate of \$3,991.87. This amount multiplied by 60% yields an unadjusted labor-related amount of \$2,395.12. This amount multiplied by the annual wage index for this facility of 0.992 yields an adjusted labor-related amount of \$2,375.96. The non-labor related portion is 40% of the APC rate or \$1,596.75. The sum of the labor and non-labor related amounts is \$3,972.71. Per 42 Code of Federal Regulations §419.43(d) and Medicare Claims Processing Manual, CMS Publication 100-04, Chapter 4, §10.7.1, if the total cost for a service exceeds 1.75 times the OPPS payment and also exceeds the annual fixed-dollar threshold of \$1,900, the outlier payment is 50% of the amount by which the cost exceeds 1.75 times the OPPS payment. The OPPS Facility-Specific Impacts file does not list a cost-to-charge ratio (CCR) for this provider. The requestor did not submit documentation of the facility CCR for consideration in this review. Per Medicare policy, when the provider's CCR cannot be determined, the CCR is estimated using the statewide average CCR as found in Medicare's OPPS Annual Policy Files. Medicare lists the Urban Texas 2012 Default CCR as 0.1961. This ratio multiplied by the billed charge of \$12,325.00 yields a cost of \$2,416.93. The total cost of all packaged items is allocated proportionately across all separately paid OPPS services based on the percentage of the total APC payment. The APC payment for these services of \$3,972.71 divided by the sum of all APC payments is 68.02%. The sum of all packaged costs is \$11,053.35. The allocated portion of packaged costs is \$7,518.69. This amount added to the service cost yields a total cost of \$9,935.62. The cost of these services exceeds the annual fixed-dollar threshold of \$1,900. The amount by which the cost exceeds 1.75 times the OPPS payment is \$2,983.38. 50% of this amount is \$1,491.69. The total Medicare facility specific reimbursement amount for this line, including outlier payment, is \$5,464.40. This amount multiplied by 200% yields a MAR of \$10,928.80.
- Per Medicare policy, procedure code 29826 may not be reported with procedure code 23412 billed on the same claim. Payment for this service is included in the payment for the primary procedure. Separate payment is not recommended.
- Procedure code 94664, date of service October 3, 2012, has a status indicator of S, which denotes a significant procedure, not subject to multiple-procedure discounting, paid under OPPS with separate APC payment. These services are classified under APC 0077, which, per OPPS Addendum A, has a payment rate of \$29.74. This amount multiplied by 60% yields an unadjusted labor-related amount of \$17.84. This amount multiplied by the annual wage index for this facility of 0.992 yields an adjusted labor-related amount of \$17.70. The non-labor related portion is 40% of the APC rate or \$11.90. The sum of the labor and non-labor related amounts is \$29.60. The cost of these services does not exceed the annual fixed-dollar threshold of \$1,900. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$29.60. This amount multiplied by 200% yields a MAR of \$59.20.
- Procedure code 94664, date of service October 4, 2012, has a status indicator of S, which denotes a significant procedure, not subject to multiple-procedure discounting, paid under OPPS with separate APC payment. These services are classified under APC 0077, which, per OPPS Addendum A, has a payment rate of \$29.74. This amount multiplied by 60% yields an unadjusted labor-related amount of \$17.84. This amount multiplied by the annual wage index for this facility of 0.992 yields an adjusted labor-related amount of \$17.70. The non-labor related portion is 40% of the APC rate or \$11.90. The sum of the labor and non-labor related amounts is \$29.60. The cost of these services does not exceed the annual fixed-dollar threshold of \$1,900. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$29.60. This amount multiplied by 200% yields a MAR of \$59.20.
- Procedure code 94010 has a status indicator of X, which denotes ancillary services paid under OPPS with separate APC payment. These services are classified under APC 0367, which, per OPPS Addendum A, has a payment rate of \$51.80. This amount multiplied by 60% yields an unadjusted labor-related amount of \$31.08. This amount multiplied by the annual wage index for this facility of 0.992 yields an adjusted labor-related amount of \$30.83. The non-labor related portion is 40% of the APC rate or \$20.72. The sum of the labor and non-labor related amounts is \$51.55 multiplied by 2 units is \$103.10. The cost of these services does not exceed the annual fixed-dollar threshold of \$1,900. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$103.10. This amount multiplied by 200% yields a MAR of \$206.20.
- Procedure code 94760 is unbundled. This procedure is a component service of procedure code 94664 performed on the same date. Payment for this service is included in the payment for the primary procedure.

A modifier is not allowed. Separate payment is not recommended.

- Procedure code 94010, date of service October 4, 2012, has a status indicator of X, which denotes ancillary services paid under OPPS with separate APC payment. These services are classified under APC 0367, which, per OPPS Addendum A, has a payment rate of \$51.80. This amount multiplied by 60% yields an unadjusted labor-related amount of \$31.08. This amount multiplied by the annual wage index for this facility of 0.992 yields an adjusted labor-related amount of \$30.83. The non-labor related portion is 40% of the APC rate or \$20.72. The sum of the labor and non-labor related amounts is \$51.55. The cost of these services does not exceed the annual fixed-dollar threshold of \$1,900. The outlier payment amount is \$0. The total Medicare facility specific reimbursement amount for this line is \$51.55. This amount multiplied by 200% yields a MAR of \$103.10.
  - Procedure code 94760, date of service October 4, 2012, is unbundled. This procedure is a component service of procedure code 94664 performed on the same date. Payment for this service is included in the payment for the primary procedure. A modifier is not allowed. Separate payment is not recommended.
  - Procedure code J2175 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code J2405 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code J2270 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code J0690 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code J2270, date of service October 4, 2012, has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code J1200, date of service October 4, 2012, has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code J1170 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code J1885 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
  - Procedure code G0378 has a status indicator of N, which denotes packaged items and services with no separate APC payment; payment is packaged into the reimbursement for other services, including outliers.
3. The total allowable reimbursement for the services in dispute is \$17,332.78. The amount previously paid by the insurance carrier is \$11,755.56. The requestor is seeking additional reimbursement in the amount of \$4,158.90. This amount is recommended.

### **Conclusion**

For the reasons stated above, the Division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$4,158.90.

### ***ORDER***

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code Sections 413.031 and 413.019 (if applicable), the Division has determined that the requestor is entitled to additional reimbursement for the services involved in this dispute. The Division hereby ORDERS the respondent to remit to the requestor the amount of \$4,158.90, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

### **Authorized Signature**

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Signature

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Medical Fee Dispute Resolution Officer

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September 9, 2013  
Date

### ***YOUR RIGHT TO APPEAL***

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, effective May 31, 2012, 37 *Texas Register* 3833, **applicable to disputes filed on or after June 1, 2012.**

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

**Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.**